COMMUNITY DEVELOPMENT COMMISSION
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August 27, 2002

To: Each Supervisor

From: Carlos Jackson, Executive Director
Community Development Commission

Bryce Yokomizo, Director
Department of Public Social Services

SUBJECT: CHILD CARE CAPACITY DEVELOPMENT GRANT AND LOAN PROGRAM

On June 26th your Board approved the Report on Prioritization of Performance Incentive (PI) Funds and CalWORKs Long Term Family Self Sufficiency (LTFSS) projects. Included in that action was an allocation of $3.5 million in PI funds for Fiscal Year 2002-03 for LTFSS Project 31b, the Child Care Capacity Development Grant and Loan Program (Grant and Loan Program), that is administered by the Community Development Commission (CDC) under a Memorandum of Understanding (MOU) with the Department of Public Social Services (DPSS).

The reduced allocation will have a significant impact on the program, requiring phase-out as of June 30, 2003. Prior to your Board's action, it was anticipated, based on the FY 2002-03 Proposed Budget, that an estimated $9.6 million in PI funds would be available in FY 2002-03 for the Grant and Loan Program.

Based upon the new funding amount, the CDC is proceeding with the following key actions:

Accounting

The CDC is completing its confirmation of expenditures for goods and services of all facilities that have received funds to date. This effort will reveal the amount of expenditures that can be attributed to FY 2001-02, and the balance that must be deducted from the $3.5 million for FY 2002-03.

Applicants

Processing of applications has terminated, including processing for those facilities whose applications have been approved by the Grant and Loan Program but not funded. Funds will be made available to those facilities that have outstanding contracts with goods and services providers in accordance with their Grant and Loan Program grant agreement.

For FY 2002-03, the first priority will be to provide funding to grantees that have received a portion of their funding but have a balance due per their grant agreements.

Consultant Services

Final payments to consultants that provided technical assistance are being made and their contracts terminated.

Monitoring and Reporting

The Administrative Plan will be amended to reduce the number of monitoring visits to each funded grantee. The CDC will conduct one site visit to each grantee's facility to confirm: compliance with the grant agreement; appropriate purchases with program funds; the number of children receiving care; and the types of services being provided.

A final status of the Grant and Loan Program will be provided to your offices at the end of the fiscal year.

Staffing

A reduction in the Grant and Loan Program staffing has begun to coincide with the phase-out of the program.

As of June 30, 2002, the programs application status was as follows:

Twenty-six (26) applicants had fully executed grant agreements, but had received no funding;

Fifty-two (52) applicants had grant agreements waiting to be executed; and,

Twenty (20) applicants were in the final stages of approval of their applications.

This month we are notifying the above applicants, and approximately 380 other eligible child care providers with pending applications, that funding is no longer available for the Grant and Loan Program.

As notifications of the elimination of the Grant and Loan Program are received, we expect a significant number of telephone calls will be made to the CDC, DPSS and your offices from disappointed child care providers and the concerned public.

Please contact us if you or your staff have any questions or require further information.

CJ:BY:sm

c: Executive Officer, Board of Supervisors
Chief Administrative Officer
County Counsel